

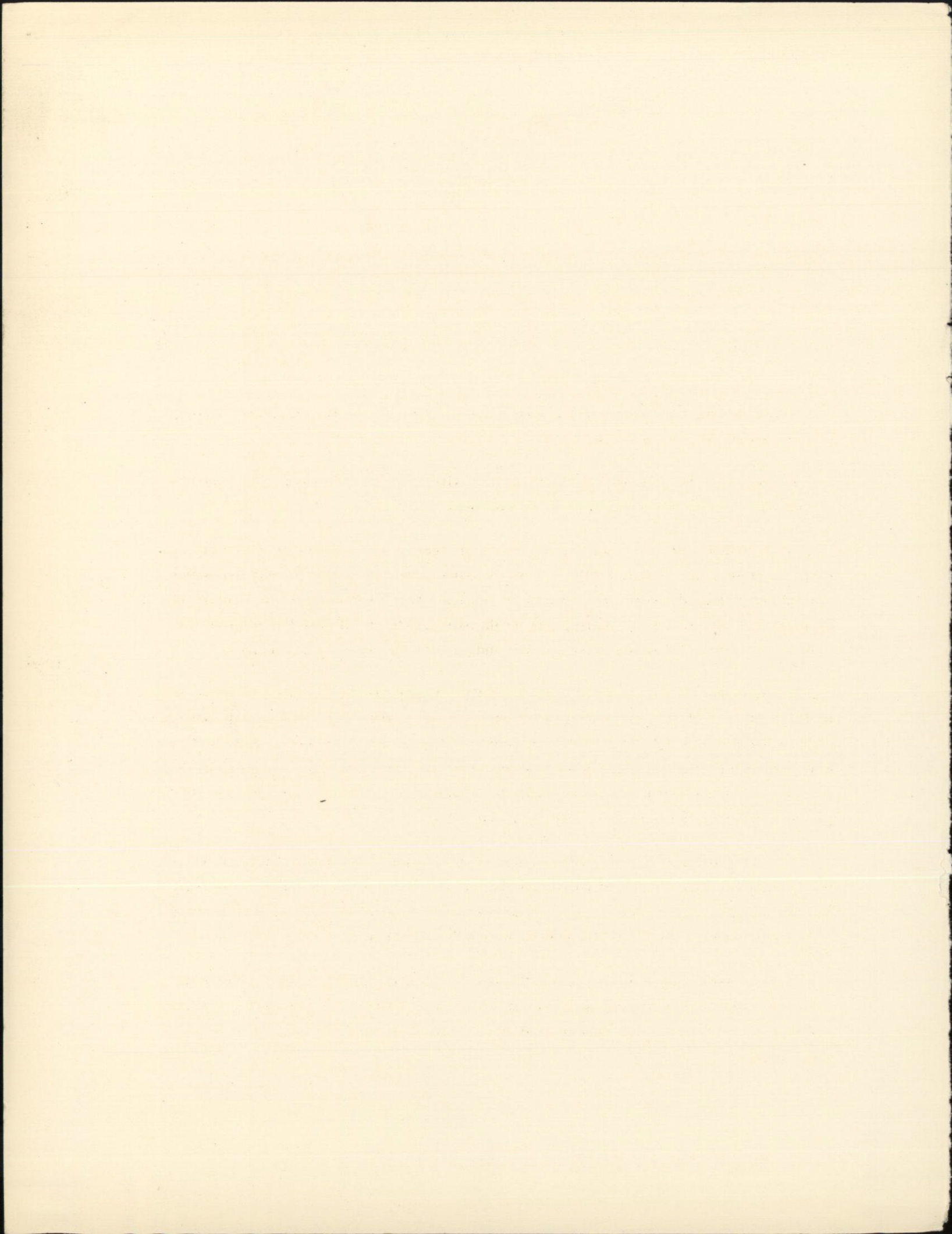
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Walgreen

DRUG STORES

MRS
CORP. FILE

WALGREEN CO.
REPORT TO STOCKHOLDERS
Year Ended
September 30, 1933



November 16, 1933.

TO THE STOCKHOLDERS:

Accompanying this letter are the financial statements of our Company for its fiscal year, which ended September 30, 1933.

Earnings for the year were \$1,820,482.60. After preferred dividends, this amounts to approximately \$2.04 per share upon common stock.

At September 30, 1933, we had 470 stores in operation (excluding four Century of Progress Stores) as compared with 471 at the same date last year. Twenty-five stores were closed during the year, and twenty-four opened. Our four stores at the Century of Progress not only realized a satisfactory profit after charging off installation costs, but were, in my opinion, of substantial good-will and advertising value to our Company.

Surplus account was credited with \$128,196.03 gain secured in the retirement of preferred stock. During the early part of the year we further adjusted store equipment by a write-down of \$604,435.30; lease-cancellation charges in the amount of \$524,553.62 were written off; both of these were charged to Earned Surplus. Barring possible unforeseen major contingencies, the adjustments in equipment and other accounts to reflect present economic conditions, have now been completed.

The trend of sales has, in recent months, been favorable, not only in Chicago, where the Century of Progress helped conditions, but in almost all areas in which we operate. Further economies have been secured in rental charges through the renewal, modification, or discontinuance of leases. These will be of cumulative benefit.

Current assets and liabilities are both higher than usual at this season. This is due to recent rather heavy special merchandise purchases. Obviously, this causes a slight lowering of the current ratio, notwithstanding an increase in the dollar amount of net current assets.

If business conditions remain as they are, or improve, I believe our company to be in a favorable position to benefit. If they are otherwise, we are well fortified by the measures of economy which we have taken.

I have said before, and it is gratifying to be able to repeat—the morale of our executives and employees continues the best.

Yours very truly,

C. R. Walgreen
President.

ARTHUR ANDERSEN & Co.
ACCOUNTANTS AND AUDITORS

CHICAGO
NEW YORK
WASHINGTON
DETROIT
MILWAUKEE
KANSAS CITY
LOS ANGELES
SAN FRANCISCO
CABLE ADDRESS
ARTHANDER

TELEPHONE
RANDOLPH 5386

ONE LA SALLE STREET BUILDING

CHICAGO

REPRESENTATIVES IN EUROPE AND SOUTH AMERICA
MCAULIFFE, DAVIS AND HOPE
CHARTERED ACCOUNTANTS
LONDON - PARIS
BARCELONA - MADRID
MCAULIFFE, DAVIS, BELL AND CO.
CHARTERED ACCOUNTANTS
RIO DE JANEIRO - SAO PAULO
SANTOS - PARA
BUENOS AIRES

To the Board of Directors,
Walgreen Co.:

We have examined the accounts of WALGREEN CO.
(an Illinois corporation), Chicago, Illinois, and its
subsidiary companies for the year ended September 30, 1933.
In our opinion, the attached consolidated balance sheet
and profit and loss and surplus accounts, subject to the
comments and notes thereon, fairly present the consolidated
financial position of the companies at September 30, 1933
and the results of operations and changes in surplus
accounts for the year ended that date.

Chicago, Illinois,

November 13, 1933.

Arthur Andersen & Co.

WALGREEN CO. (AN ILLINOIS
CONSOLIDATED BALANCE

A S S E T S

CURRENT ASSETS:

Cash	\$1,361,518.13	
Trade accounts and other receivables—less reserve.....	235,665.94	
Notes receivable and tax warrants at market	61,144.01	
Negotiable warehouse receipts	318,000.00	
Inventories of merchandise, based on latest physical inventories, adjusted to September 30, 1933, certified by the management as to quantities and con- dition, valued at the lower of cost or market.....	7,088,359.12	
TOTAL CURRENT ASSETS		\$ 9,064,687.20

PREPAID RENT, INSURANCE, TAXES, ETC.....	306,383.49
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INVESTMENTS AND OTHER ASSETS:

Investments in other companies (at cost)	\$ 415,057.08	
Mortgage, notes and accounts, including employees' accounts—less reserve.....	307,082.98	
Investment in Walgreen Managers Investment Co.—represented by 2,000 shares of preferred stock and advances.....	200,000.00	
Cash surrender value of life insurance.....	139,824.80	1,061,964.86

FIXED ASSETS:

Classification	Cost—Less Write-downs	Reserves for Depreciation	Net Book Value	
Land	\$ 219,444.05	\$ —	\$ 219,444.05	
Buildings	793,804.98	130,788.15	663,016.83	
Equipment—store, factory, warehouse, etc.....	8,916,961.01	3,562,003.31	5,354,957.70	
	\$9,930,210.04	\$3,692,791.46	\$6,237,418.58	6,237,418.58

GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ORGANIZATION, ETC.....	1.00
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\$16,670,455.13

LIABILITIES

CURRENT LIABILITIES:

Accounts payable.....	\$2,270,644.70	
Employees' investment certificates.....	30,350.00	
Accrued salaries and other expenses	204,788.93	
Provision for Federal and other taxes.....	453,930.18	
Purchase money obligation—non-current.....	6,750.00	
	<hr/>	
TOTAL CURRENT LIABILITIES		\$ 2,966,463.81

CONTINGENT LIABILITIES with respect to pending suits, etc. estimated by company's attorneys not to exceed \$20,000

PREFERRED STOCK OF SUBSIDIARY COMPANY IN HANDS OF PUBLIC (including accrued dividends) 45,281.25

CAPITAL STOCK AND SURPLUS:

Preferred stock—6½% cumulative—

Authorized and issued—45,000 shares par value \$100.00 each (less 3,000 shares retired and 888 shares held in treasury for anticipated sinking fund requirements)

Outstanding 41,112 shares—

Dividends paid through October 1, 1933.....\$4,111,200.00

Common stock—

Authorized—1,000,000 shares without par value

Issued—858,409 shares\$6,816,689.59

Less—In treasury—

99,004 shares—at cost (30,000 shares reserved for employees' options) 1,293,835.29*

Outstanding 759,405 shares 5,522,854.30

Earned surplus 4,024,655.77 13,658,710.07

NOTE:—Preferred stock is redeemable on call or liquidation at premiums varying from \$15.00 to \$7.50 per share.

Common stock is reserved against the exchange of 63,818 warrants held by public.

\$16,670,455.13

*Under the Illinois Business Corporation Act of July, 1933, the surplus account is restricted in this amount until the treasury common stock is sold or cancelled.

WALGREEN CO. (AN ILLINOIS CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 1933

NET SALES (including sales of A Century of Progress stores)	\$46,026,124.93
COST OF SALES	30,213,981.19
Gross profits on sales.....	\$15,812,143.74
STORE EXPENSES	13,207,465.21
Net profits from store operations.....	\$ 2,604,678.53
GENERAL AND ADMINISTRATIVE EXPENSES.....	579,300.31
Net profits from operations.....	\$ 2,025,378.22
OTHER INCOME—net	224,893.14
Net profits before other charges.....	\$ 2,250,271.36
DEDUCT:	
Other charges, including loss on subleased locations.....	\$308,482.84
Improvements to leased property during year.....	16,965.04
(Improvements to leased property were written off the books as of October 1, 1931, since which time current expenditures therefor have been charged to operations in lieu of amortization)	325,447.88
Net profits before Federal income and other taxes.....	\$ 1,924,823.48
PROVISION FOR FEDERAL INCOME, STATE INCOME AND CAPITAL STOCK TAXES.....	104,340.88
Net profits (see notes).....	\$ 1,820,482.60

NOTES:

1. Lease cancellation payments and expenses in connection therewith of \$524,553.62 paid during the year have been charged by the company direct to surplus account.
2. The profits are after provision for depreciation of buildings, equipment, etc., \$689,238.24, and amortization of short life equipment \$147,947.52.
3. The provision made for Federal income taxes is substantially less than would normally be required on the above net income, because of additional deductions in part reflecting charges against surplus in this and prior years.

SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 1933

BALANCE, SEPTEMBER 30, 1932.....	\$4,121,125.94
ADD—NET PROFITS FOR THE YEAR ENDED SEPTEMBER 30, 1933.....	1,820,482.60
	\$5,941,608.54
ADD—Discount on Walgreen Co. and subsidiary company's preferred stock acquired during the year less prior year's adjustment.....	128,196.03
	\$6,069,804.57
DEDUCT:	
Adjustment of equipment values of certain stores.....	\$604,435.30
Lease cancellation payments and expenses in connection therewith.....	524,553.62
Adjustment of investment in Walgreen Managers Investment Co. and cost of special negotiations	76,122.95
Dividends—	
On Walgreen Co. preferred stock.....	\$265,655.93
On common stock—	
25¢ per share on February 1, May 1 and August 1.....	571,276.00
On subsidiary company's preferred stock in hands of public.....	3,105.00
	840,036.93
	2,045,148.80
BALANCE, SEPTEMBER 30, 1933	\$4,024,655.77

DIRECTORS

C. R. WALGREEN
J. E. WARD
A. C. THORSEN
WALTER SCHWANKE
E. E. RUECKERT
R. G. SCHMITT
R. G. KNIGHT
JOY H. JOHNSON
HARRY GOLDSTINE

OFFICERS

C. R. WALGREEN.....*President*
A. C. THORSEN.....*Vice President*
HARRY GOLDSTINE.....*Vice President*
F. C. SCHRAMM.....*Vice President*
A. L. STARSHAK.....*Treasurer*
R. G. SCHMITT.....*Secretary*
E. E. RUECKERT.....*Ass't Sec'y*
and Ass't Treas.

COMMON STOCK

CHICAGO

Transfer Agent Registrar
First Union Trust & Savings Bank Harris Trust & Savings Bank

NEW YORK

Transfer Agent Registrar
Commercial National Bank & Trust Co. Guaranty Trust Co.

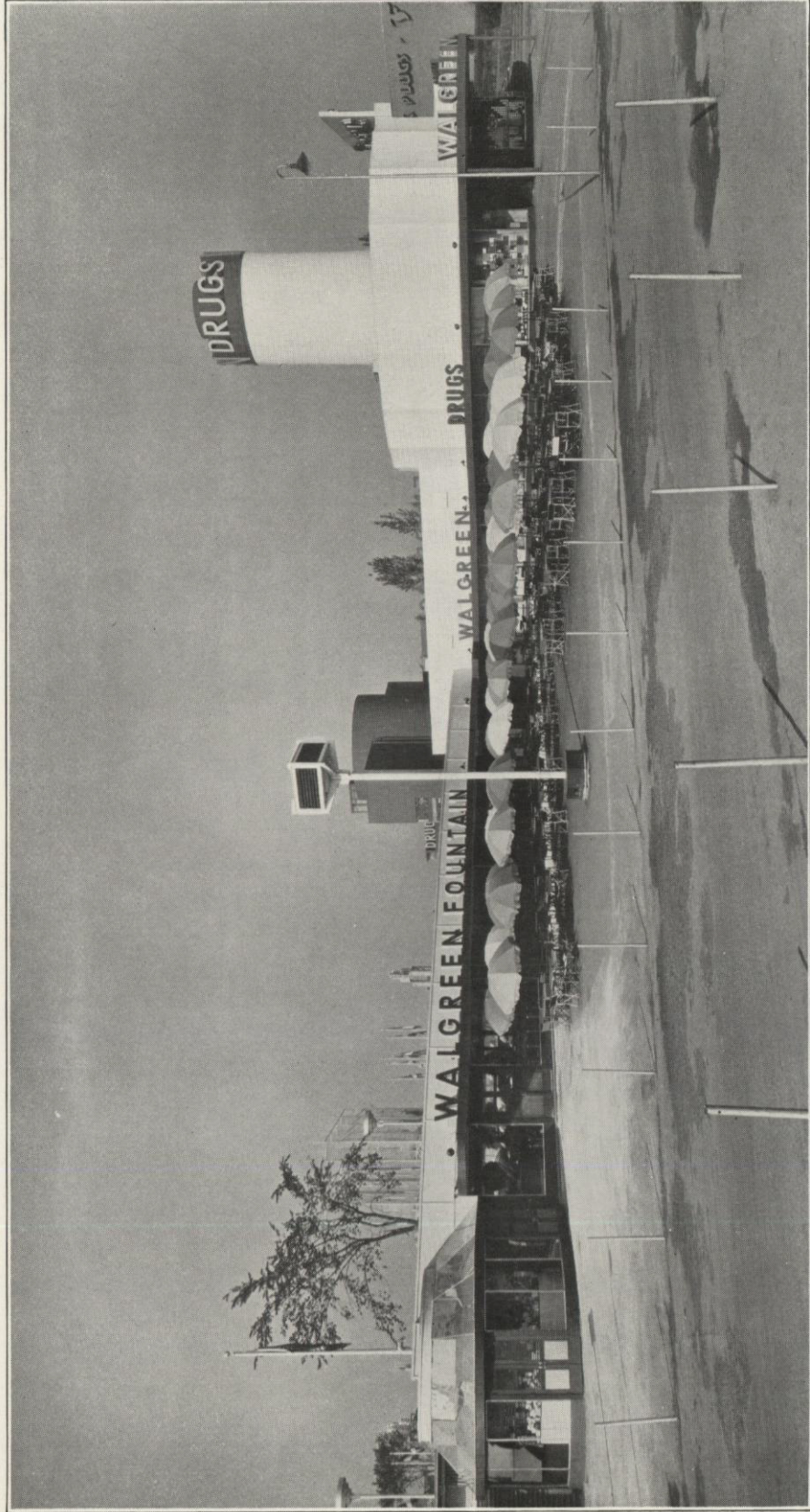
PREFERRED STOCK

CHICAGO

Transfer Agent Registrar
First Union Trust & Savings Bank Harris Trust & Savings Bank

NEW YORK

Transfer Agent Registrar
Guaranty Trust Co. Commercial National Bank & Trust Co.



Our Twenty-third Street Century of Progress Store. On September 3rd (Labor Day) we served over 19,000 customers in this one store.

